Transforming the Army
Based on International Best Practices

1. **Background**
2. **History of Best Practices**

Organizational Analysis

Organizational Design Principles

1. Cut costs – relentless attack on overhead

2. Improve Front-line operating effectiveness

3. Establish a business oriented culture

Secretary of the Army Goals

Organizational Design Principles

1. **Focus on the customer**
2. **Concentrate on the core business**
3. **Organize around the work**
   - **Eliminate "non-value added" work**
   - **The Hog won't butcher itself**
   - **Strategy drives structure**
4. **Differentiate between strategic level staff work and operational work**
   - **The present will always drive out the future**
5. **Establish the correct number of organizational layers**
   - **Align functions at the correct layer**
6. **Establish clear accountabilities, authorities and critical systems**
   - **Delegate decision making to the correct organizational level**
7. **Define the nature of required working relationships**
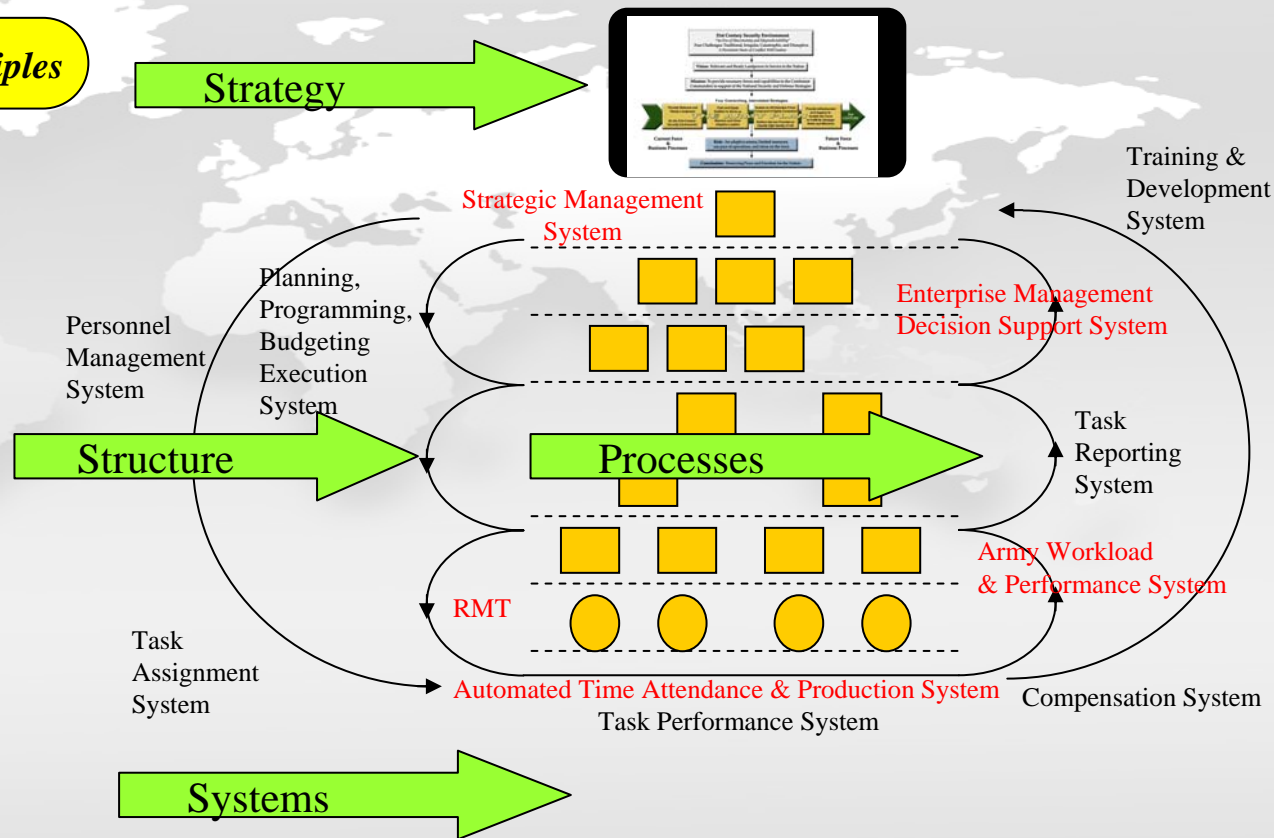8. **Develop and implement a change management strategy**

ORGANIZATIONAL DESIGN

Organizations exist to get work done; that is what they are all about! And work gets done by people who occupy roles in an organizational structure. Structure sets the context for each individual's behavior. That context includes role accountabilities, authorities, working relationships, and critical work systems.

Creating the right structure requires the systematic application of a set of fundamental organizational design principles. These principles produce:

Organizational Design Principles

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Strategy "The Army Plan"

Strategy

Structure

Processes

Systems

Strategic Management System

Enterprise Management Decision Support System

Training & Development System

Planning, Programming, Budgeting Execution System

Personnel Management System

Task Reporting System

Army Workload & Performance System

RMT

Task Assignment System

Automated Time Attendance & Production System

Compensation System

Task Performance System

This Issue Falls Into Your Core Competency Area
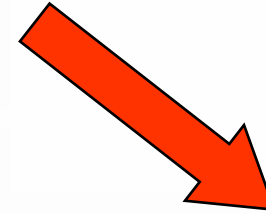*And Exemplifies How You can "Add Value"*

Transforming The Army

CSA/SA

Warfighting Army

- Brigade Combat Teams
- Operational Reserve

Warfighting Support Army

- DUSA – Business Transformation
- Organizational Analysis & Design
- Lean Six Sigma

Focus on Effectiveness

Focus on Efficiency

Transforming The Army Over Time

TRADOC

"World Class Expertise"

Jaques
- Organizational structure concepts

⟷

DePuy / Gorman
- Training Development

Miller
- Systems Science Concepts

⟷

Starry
- Operational Concepts (ALB)

Carnegie
- Improving Front-Line Effectiveness
- Building a culture of Continuous Improvement

⟷

Thurman
- Leadership/Management Development

Transforming The Warfighting Support Army

DUSA - BT

Corporate Best Practices

Organizational Analysis & Design

- Relentless attack on overhead
- Improve front-line operating effectiveness
- Establish a business oriented culture
- Apply widely accepted organizational design principles

Continuous Improvement (Lean Six Sigma)

- Train & deploy cadre of "black belts"
- Identify & implement CI projects
- Track progress

Draw On "World Class Expertise"

Utilizing that "World Class" expertise in preparing GO #3

Building a Trustworthy and Internationally Effective Organization

Key Points

- Require focus on doing the work
  – What is the work?
  – How does it contribute to the success of the mission?
  – How do you do it better?

- Not focus on making people feel better. But, we found when they do good work, clearly aimed at achieving targeted results, by when, to what standard, within a trustworthy situation, this will actually be the result

40 Year History

- Commissioned Officer 1952

- Carried Regimental Colors for the Queen 1954

- 3 Universities / 3 Countries
  – Physics / Philosophy / Economics / Business
  – Australia / Oxford / Harvard
  – Scholarship / Sport - Crew

- 1958   Undertook 3 month "McKinsey Study - American Business Going International"
  Review of 40 U.S. Corporations, interviewed Chief Executives

The History

1960's

1962 • Established McKinsey in Australia – globalization in practice

ICI
(Chemical) • CEO questioned how to develop leaders
  – Simplify organizational structure
  – (20) pay grades to (4) work levels
  – Clarify promotion process

Rio Tinto
(Mining) • Created product line structure for diversified corporation

  • Installed results oriented reporting system

The History

1960's

G.E

- Returned as McKinsey Director to New York - 1967

- CEO questioned current size base structure

- Study
  – Analyzed competitors and market
  – Analyzed competitive results

- Based on analysis of competitors and markets, recommended strategic business unit structure

The History

1970's

Australia
CRA

- Learning to be an Executive

- CEO 1972 – 1986
    – 25,000 Employees

- # 15 - but aimed to grow to be # 5 in world

Approach in 3 steps:

Step 1:   International Benchmarking

- Australia vs. Canada, USA, Europe, South America

- "Found ourselves behind" - not enough digging time at the mine face

The History

1970's

Step 2   **Survey world's best practices**

- **Army**
  - Japanese 1650 (Tokugawa – standard ranks)
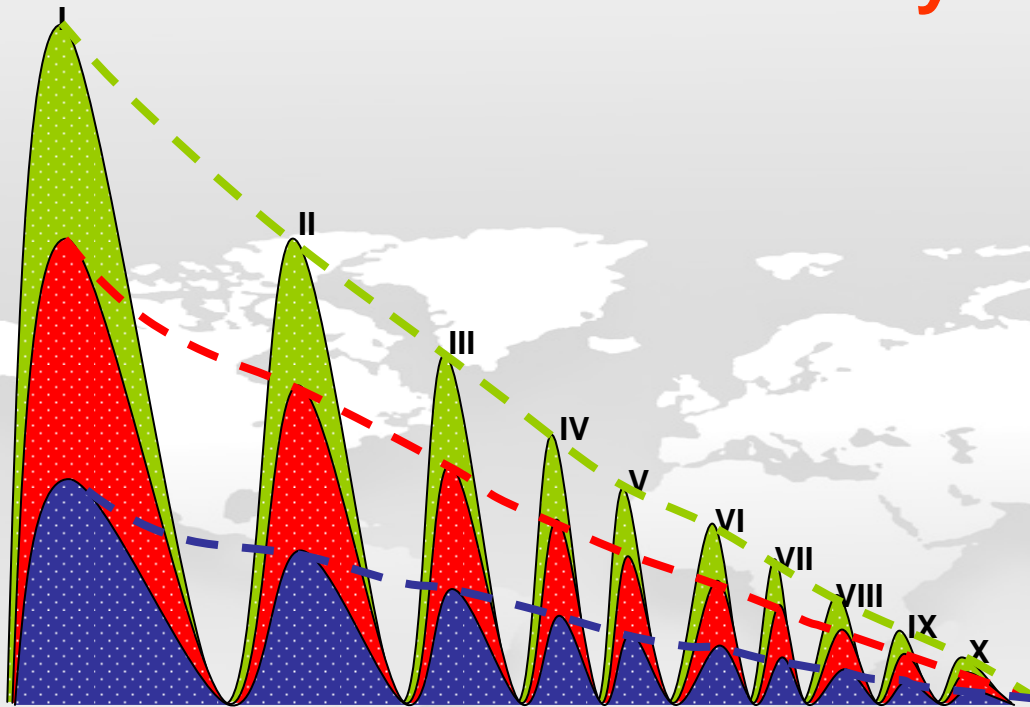 - Vietnamese 1960 (small units/led from front)

- **Business**
  - Consultants (no guiding principles)
  - Japan (adaptation of standard ranks, Toyota)

- **Books**
  - 200 reviewed (words but nothing substantial)
  - "General Theory of Bureaucracy" (page 173)

The History

Elliott Jaques

- Possible scientific approach to social organization

- Human beings can be grouped based on different capabilities

- Fewer people can clearly envision the more distant future and act accordingly

The History

1970's

Step 3   Pilot study of a mine

- Mike Blackwell (General Manager / Rhodes Scholar)

- 400 employees

- Two aims
  - Make truck drivers 25% more efficient
  - Build trust in the workforce

Team:

- CRA experienced managers + young talent

- McKinsey / Jaques / Carnegie as Project Director

Conclusion:

- 2 levels of management
  - Mine Manager
  - Executive Officer level

- Supervisor's position and authority clarified

- Results very encouraging

The History

1980's

Worldwide examination

- Thurman and U.S. Army developed thinking - looking worldwide

- Identified CRA developments as in lead

Meanwhile

- CRA looked for global best practices

Clear relationship between CRA and the U.S. Army developed with Clement

CRA undertook 6 step improvement program in the 1980's

The History

1980's

Step 1   Built common approach

CRA Developed our standard model of "four boss" levels adding value to front line operators:

- Executive Officer (helped by Sergeants/Supervisors)
- Unit Commander (200 - 250 size)
- General Manager (3 year plans)
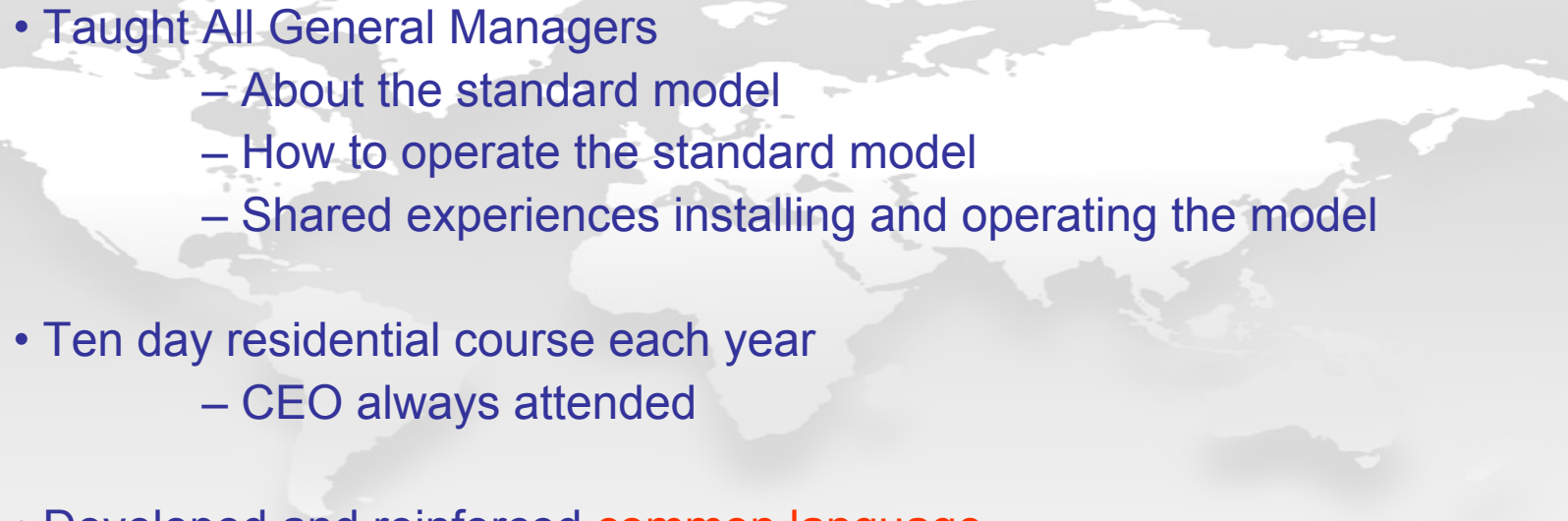- Business Unit President (P&L aim and competitive vision)

Developed the "four" authorities required to be a "boss"

- Select
- Assign work
- Differentiate rewards
- Deselect

The History

1980's

Step 2   Made big commitment to training (5% of labor costs)

- Taught All General Managers
  – About the standard model
  – How to operate the standard model
  – Shared experiences installing and operating the model

- Ten day residential course each year
  – CEO always attended

- Developed and reinforced common language

- Undertook multi-level training each year
  – For people in-job (current job better)
  – For promotable staff for future jobs (development)

- Built in message of sharing information and knowledge across the whole institution

The History

1980's

Step 3   Focused HR on operating performance

- Put experienced Management Executive as Head of H.R.
    - Had to "persuade" him to accept
    - Personnel guys were "shocked"
    - Small team to help
    - Outstanding results

The History

1980's

Step 4   Established "War Room"

- To gain perspective on overall human resource capability

- Used as background for promotion, training, and transfer decisions

- Documented all Level IV Executives as corporate resources, including patterns of promotability (and by when)

- Built on Manager Once Removed (MoR) potential assessment process

- Development of lower levels remained accountability of business units

The History

1980's

Step 5 **"Shrank" Headquarters**

- All administrative functions separated and aligned into service unit

- Service unit provide all legal, recording, auditing requirements

- Services provided on a cost reimbursable basis, which had to compete with outside world

- Line management had time to run the business better

The History

1980's

Step 6   Codified intellectual property

- Documented the CRA experience
    - Course material
    - Case Studies
    - Evaluations
- Defined required working relationships needed throughout the whole enterprise

The History

1990's

- Senior personnel changes

- Continuous improvement (CI) culture embedded in institution:
  - Systems like Lean Six Sigma used to reinforce CI pressure

- CI Built upon:
  - (a) Structure
  - (b) Accountabilities
  - (c) Clarity in working relationships
  - (d) Reporting results against task objectives

  which were all deeply embedded in operations

- Program continued beyond Carnegie with:
  - Continuous transformation of support functions and productivity improvement

The History

2000's

- Visit by Kirby / Clement

- Site visits showed management processes had become embedded as part of "how we do things around here"

- Confirmed 6% annual productivity improvement achievable over twenty year period so far

Employment harmony leads to higher productivity
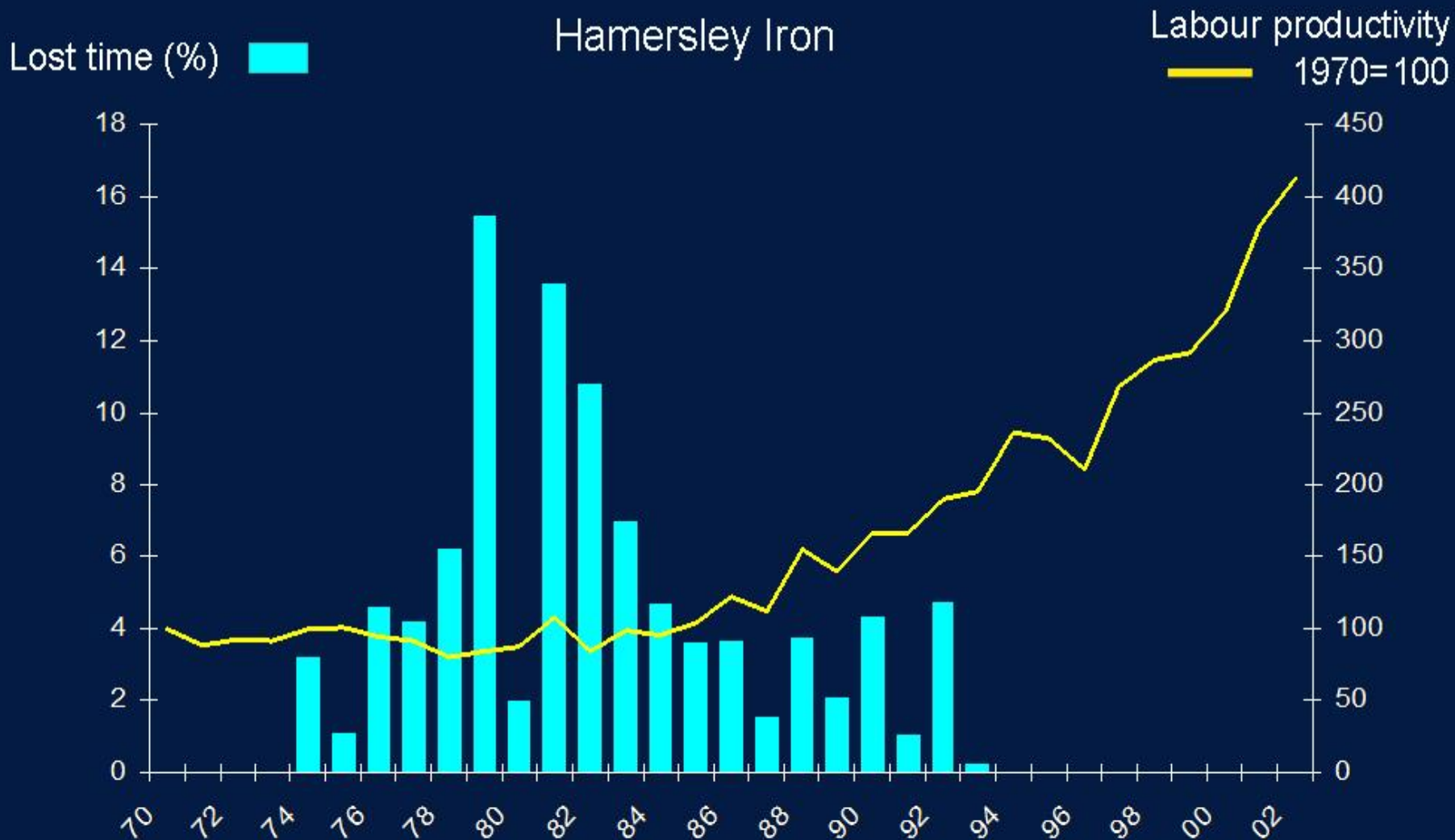
Summary of Gains

- Cut out non-value adding management layers
  - Saved money
  - Increased enthusiasm of subordinates

- Train "bosses" to set tasks clearly for subordinates
  - "Do what by when"
  - Clarify performance aims

- Train "Manager once Removed" to discuss subordinates future
  - Builds morale

- Define supervisor role to get rid of "grit in the fly-wheel"

What We Have Learned

• Clear advantages in working between Australia and the USA
   – Shared language
   – Common values
   – Good allies in a tough fight (e.g., Special Forces)

• Australia is a good beta test site for the U.S. to build on

• Shows what works and what fails quickly

• The historical results can be used by the U.S. Army in it's transformation mission
   – To achieve results faster and with less chance of failure

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DUSA - BT

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Transformed Culture

Doctrine, Organization, Training, Leadership, Materiel, Soldiers, Personnel , Facilities